

Washington D.C. — Congressman Joe Sestak (D-PA) voted today on legislation that would secure earnings assistance and tax relief for the men and women who dedicate their lives to public service. The “Heroes Earning Assistance and Relief Tax Act” (HR 3997) includes tax provisions intended to assist military personnel and their families, veterans, and public service volunteers. —

“It was time for Congress to address the growing financial concerns of soldiers and public service volunteers who have willingly sacrificed in defense of our country,” said Congressman Sestak. “This Act ensures that these men and women receive real benefits that will provide them greater financial assurance in the future. I believe it is important to support our nation’s heroes and I am proud that Congress acted to provide them the assistance they deserve.”

More specifically, H.R. 3997:

- Allows military personnel the option of treating combat pay as earned income for the purpose of determining earned income tax credit. This provision is estimated to reduce revenue by \$631 million over five years and \$2.1 billion over 10 years.
- Permits active military veterans to use qualified mortgage bonds to finance home mortgages even if those veterans do not meet first-time home buyer requirements. This provision is estimated to reduce revenue by \$171 million over five years, and by \$826 million over 10 years.
- Amends the Uniformed Services Employment and Reemployment Rights Act to allow the day prior to the date of death to be treated as the date used to trigger payment of employee benefits. This provision is estimated to reduce revenue by \$1 million over five years and \$2 million over 10 years.
- Allows volunteer firefighters and emergency medical service personnel to exclude certain state and local tax benefits received for their service from their taxable gross income. This provision is estimated to reduce revenue by \$377 million over five years and \$944 million over 10 years.
- Extend the limitations period for filing tax refund credit claims arising from Department of Veterans Affairs disability determinations.
- Changes eligibility rules for the Supplemental Security Income program to assist certain military personnel, blind veterans, and AmeriCorps volunteers.
- Allows families receiving military death benefit gratuities to roll over amounts, tax-free, into a Roth IRA’s or an Education Savings Accounts. This provision is estimated to reduce revenue by \$4 million over 10 years.
- Disregard most allowances paid to military personnel and AmeriCorp volunteers for the purpose of determining SSI eligibility and benefit amounts. This provision is estimated to reduce revenue by \$1 million over 10 years.

This measure offsets the costs of these provisions by increasing existing penalties for failures to file certain returns and information, and imposes a new penalty on S-corporations who fail to file required returns. These penalties raise a total of \$911 million over five years and \$2.2 billion over 10 years.

According to the Joint Committee on Taxation, this legislation will have an estimated net effect of raising \$268 million over five years and \$98 million over 10 years.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.